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TAGS: [PGOV](#) [BTIO](#) [EINV](#) [ECON](#) [CH](#)
SUBJECT: ALL BUBBLES, NO BATH: HUNAN'S APPAREL FESTIVAL
THAT WASN'T

Classified By: Deputy Political Section Chief Ben Moeling. Reasons 1.4
(b/d).

11. (SBU) SUMMARY: Poloff's attendance at a recent apparel festival as part of a larger trip to Hunan province highlighted the provincial Party leadership's desire to attract foreign interest and investment, but exposed their limited understanding of how to actually do so. Despite flying in participants from various cities in China and giving speeches declaring the festival a "great success," no actual festival took place, no investors attended, and no new economic gains were achieved. Several "participating" companies reported that they were unaware of the festival altogether. End Summary.

Lofty Goals . . .

12. (SBU) Hunan province is poised for an explosion of investment, Communist Party officials from Zhuzhou, an industrial city one hour from the provincial capital of Changsha told Poloff during the September 7-8 Zhuzhou (Lusong) Emperor Yan Apparel Festival. As explained by government officials including Hunan Province Vice Governor Guo Kailang, the festival aimed to raise investment in the Hunanese apparel industry and increase awareness of investment opportunities in Hunan. Zhuzhou officials cited the presence of Ambassadors from Belarus, Bulgaria, Lesotho and Uruguay, delegations from eight other Embassies, and the presence of a Spanish business delegation from Catalonia as evidence of the international nature and large scale of the apparel festival, as well as a sign that Hunan province is a "leader" in foreign investment.

. . . But No Means to Achieve Them

13. (SBU) The Zhuzhou government's desire for international attention was not matched with great actual know-how on how to attract investment. When asked for specifics regarding the event, such as number of attendees and participants or RMB estimates of increased investment, several officials said that Poloff had an "incorrect concept" of what constitutes a festival. The true goal, they said, is simply increased awareness of Hunan. As such, aside from opening speeches, there would be no events or festival-related activities, no investors would be attending, and the stores involved would not be doing anything different. Aside from a 30-piece PLA marching band and towering inflatable dragons in front of a dozen or so shopping centers (including one mall participating in the "apparel festival" despite the fact that it sells no apparel, only household appliances), no other extraordinary activity was evident at the "festival."

14. (C) Several shopkeepers, when asked their goals for the event, said that prior to the arrival of the inflatable dragons, they were unaware that a festival would be taking place. A representative of the Spanish business delegation

said that they were attending only because they had been invited and the Hunanese government was paying. The Spanish investors had actually signed a memorandum of understanding and not an investment contract, and the signing had taken place in March, six months in advance of the festival. In a scene reminiscent of the Central China Expo 2006 (Reftel), the stores "participating" in the festival were largely empty aside from the diplomatic attendees, the vast majority of whom left empty-handed. A Danish journalist and festival attendee commented that the exercise was "worthless" for attracting investment, and Lesotho Ambassador Anthony Rachobokoane Thibeli wrote it off merely as "a nice vacation" in Hunan province.

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